



PROJECT NAME:	_____
PROJECT NUMBER:	_____
PROJECT ADDRESS:	_____

HUD Multifamily Appraisal Statement of Work / Checklist

March 12, 1999)

This **Statement of Work / Checklist** is to be attached to the "Letter of Engagement" between the Lender and Appraiser and included as an addendum in the completed appraisal. The appraisal must be ordered by the lender. The current version of this Statement of Work must be used, which is posted on the NW/A MF Hub - HUD Appraiser's Web Page at : <http://www.hud.gov/local/sea/mfh/seamappr.html>.

The Lender's Underwriter and the Appraiser must both sign the certification on the last page of the Statement of Work Checklist after both verifying that the appraisal has been completed in accordance with the checklist instructions.

Completion of all the Statement of Work requirements with the Underwriter's and Appraiser's signature on the last page will result in a quick review by the HUD Staff under the Fast Track Program.

Appraiser Qualifications

All Appraisers performing HUD multifamily appraisals must be State Certified General Appraisers with a current certification in the State where the property is located. The appraiser must comply with the USPAP Competency Provision demonstrating knowledge and experience with HUD appraisals of the property type being appraised, the location, the HUD Handbooks and the HUD Forms (9-2264, 9-2264A , 9-2273, 9-2274).

If a Health Care related appraisal is involved, the appraiser must demonstrate a thorough knowledge of state and federal regulations for Medicaid and Medicare reimbursement rates and health care trends in the state where the property is located. The appraiser must have an understanding of the HUD concept of "proprietary income" and how to incorporate the concept into the appraisal report and the HUD-92264-HCF ("Health Care Facility Summary Appraisal Report") for 232 projects.

The appraiser's resume must be attached to the appraisal report, itemizing previous HUD experience that satisfies the Competency Provision. In the event these qualifications are not met, the appraiser may seek association with a fully qualified appraiser who does meet all these qualifications. The fully qualified appraiser must sign and take responsibility for the report.

The lender may make its own determination on additional appraiser qualifications beyond those itemized above. It is the lender's responsibility to verify the qualifications of the appraiser and that the appraisal meets the specific HUD requirements of this Statement of Work. The lender is required to use and sign the attached "check off" list to verify the appraisal has been completed correctly.

Appraisal Format

A **complete narrative appraisal in a summary report format is required**, and must be compliant with USPAP and HUD guidelines. The HUD Forms 92264, 92264-A, 92273, and 92274 will be completed by the appraiser. The narrative will be in support of the conclusions made on the HUD Forms.

Purpose of Appraisal

The purpose of this appraisal is to assess underwriting risk by determining whether the project property will generate sufficient income to support the expected mortgage and operating expenses; and to determine the value of the property as a security. Accurate appraisals ensure that HUD is not insuring a mortgage amount that is greater than the appropriate loan to value ratio based upon the security value of the property.

Comparison to Conventional Market Processing

HUD insures the mortgage on a "non recourse" basis. Only the real estate is used for collateral and repayment of the mortgage. There is no recourse to the borrower. The income generated by the project is all that is available for repayment of the mortgage, unlike other non HUD programs that may provide for recourse to the borrower's other funds if project income is insufficient to repay the mortgage.

HUD methodologies for performing appraisals do vary from those of conventional market processing, even though the basic appraisal components do not vary significantly. HUD's emphasis is on ensuring that the proposed project will generate sufficient cash flow to pay debt service on the mortgage and pay a reasonable return on investment to the mortgagor. The appraiser shall follow HUD's methodologies as described in the Handbooks.

Payment and due date for the appraisal report

The price and due date shall be acceptable to both the lender ordering the appraisal and the appraiser. HUD will not establish fees or time frames. The entire amount of the fee is due and payable to the appraiser upon completion of the appraisal and delivery to the lender. The fee is not subject to the appraiser arriving at a specified amount or range of value. Payment to the appraiser is for accurate market estimates based upon USPAP, FIRREA, and HUD guidelines.

If deficiencies are noted upon review of the appraisal by the lender, the appraiser is required to complete the missing items in accordance with the above stated guidelines. **Use this checklist to review for completeness.** Incomplete appraisals may result in no further use of an appraiser's services until performance is improved.

Required Exhibits / Forms

The primary forms that the Appraiser shall be responsible for completing during processing 221(d)(3), 221(d)(4), and 223(f) applications are Form HUD-92264 ("Rental Housing Project Income and Analysis and Appraisal"), and the forms that feed into it (Form HUD-92273, "Estimates of Market Rent by Comparison" and Form HUD-92274, "Operating Expenses Analysis Worksheet"). Any other relevant attachments must also be identified in remarks and appended to Form HUD-92264 (i.e., individual data sheets for rent and operating expense comparables, including market absorption data). All rent and operating expenses shall be done on a per unit basis.

For 232 projects, the Appraiser shall be responsible for completing Form HUD-92264NHICF ("Project

Analysis and Appraisal") and attachments equivalent to those discussed above.

For all projects, the Appraiser shall be responsible for completing, on a preliminary basis, Form HUD-92264A ("Supplement to Project Analysis"), sometimes referred to as the Trial HUD-92264A.

Additional forms are the (1) Replacement Cost Formula and the (2) Unusual Land calculation form. Both can be viewed and printed from the Internet site.

Coordination between Appraiser, Lender and Architect / Inspector

While the lender is primarily responsible, it is the joint responsibility of the appraiser, lender and architect / inspector to coordinate efforts to determine accurate descriptive project data including, but not limited to unit breakdown, unit sizes, project amenities (and services provided if 232 program).



Statement of Work Checklist

X	X	221 d(3) / 221(d)(4) / 223(f) Requirements	Handbook Reference
Appraiser	Underwriter	<p style="text-align: center;">INSTRUCTIONS</p> <p>Appraiser and Underwriter “check off” columns to left.</p> <p>This Statement of Work Checklist must be completed by the appraiser including the appraiser’s checkmark in the left column and signature on the last page of the checklist.</p> <p>The Lender’s Underwriter must then place a checkmark in the column to the right of the appraiser’s after reviewing for completeness. The Lender’s Underwriter must then also sign the certification on the last page of the checklist, below the appraiser’s signature.</p>	
		<ul style="list-style-type: none"> Forms required: 	
		HUD-92264 ("Rental Housing Project Income and Analysis and Appraisal")	Notice H 93-93 (HUD) 4480.1, pg 2264-1
		HUD-92273 ("Estimates of Market Rent by Comparison")	Notice H 93-93 (HUD) 4480.1, pg 2273-1
		HUD-92274 ("Operating Expenses Analysis Worksheet")	Notice H 93-93 (HUD) 4480.1, pg 2274-1
		HUD-92264A ("Supplement to Project Analysis" or "Trial HUD-92264A")	Notice H 93-93 (HUD) 4480.1, pg 2264A-1
		Replacement Cost Formula	Notice H 93-93 (HUD) 4480.1, pg 2264-70
		<ul style="list-style-type: none"> Income Approach to Value 	
		Form 92264 ("Rental Housing Project Income and Analysis and Appraisal")	Notice H 93-93 (HUD) 4480.1, 4465.1 ch 7
		Income from rents, parking, laundry and storage only. Do not include forfeited deposits, late fees, etc.	Notice H 93-93 (HUD) 4480.1, pg 2264-4
		Include rent for managers and employee units and then deduct same as expenses	
		Model units are non-revenue.	

	93% maximum residential occupancy. Lower if comparables lower than 93%.	
	80% maximum commercial occupancy but not more than 15% of income.	
	Verify unit composition and sizes with architect / inspector / lender.	
	Unit sizes and rent amounts on Form 92264 must agree with Form 92273.	
	If income from subject is estimated more conservatively than sales comparables, adjust cap rate accordingly. eg HUD requires maximum 93% occupancy, replacement reserve deposits.	
	"Remarks" section of Form 92264: for 223(f) enter (a) actual occupancy % on date of inspection, (b) formula amount for initial deposit to replacement reserve, (c) estimates for legal, organizational, title and recording expenses.	4565.1, pg 5-6, 5-7
	• Form 92273 ("Estimates of Market Rent by Comparison")	
	For size adjustments, be aware that HUD architectural unit sizes are usually "net" while most rental comparables are stated in "gross" measurements	
	Rental comparables must be located within a defined area that is under the same economic influences as subject.	
	Rent concessions must be adjusted accordingly.	Notice 91-39 Notice H 93-23 (HUD)
	Show occupancy % for each comparable. If less than 93% occupancy, negative adjustment is required.	Notice 91-39 Notice H 93-23 (HUD)
	Correlated rent must be within "mid 60%" of range.	Notice 91-39 Notice H 93-23 (HUD)
	• Form 92274 ("Operating Expenses Analysis Worksheet")	Notice H 93-93 (HUD) 4480.1, 4565.1 ch 6
	For existing projects, ok to use subject's actual expenses as one comparable.	
	Update old expense data to date of appraisal by applying appropriate increase factor. (Match current market expenses with current market rents.)	
	Correlated expenses must fall within the range of the comparables.	
	Compare your results with published expense standards for a reality check.	
	• Initial Operating Deficit	
	For proposed construction, determine the appropriate absorption period and calculate the operating deficit.	4465.1, pg 1-6

	• Cost Approach	
	Determine land value “fully improved”. Read handbook instruction before you begin.	Notice H 93-93 (HUD) 4480.1, pg 2264-21 4465.1, ch 2
	Site sold by a public body: Appraise as usual but requires special attention on 92264 Form.	4465.1, ch. 2, Par 2-4
	Use “Unusual Land” calculation form to calculate “unusuals plus fees” if unusual site conditions are present.	Notice H 93-93 (HUD) 4480.1, pg 2264-27 4465.1, ch 2
	Deduct “unusuals plus fees” from land value fully improved to arrive at “warranted price of land”.	Notice H 93-93 (HUD) 4480.1, pg 2264-27 4465.1, ch 2
	Use commercial cost service. (At times, HUD or a third party will provide cost data for the appraiser’s use.)	
	Use HUD Form 92264A (lowest criterion) to determine mortgage amount for soft cost calculations on Form 92264.	Notice H 93-93 (HUD) 4480.1, pg 2264-70
	Estimate total economic life / remaining economic life of the building.	4565.1, Ch. 5, Par. 5-10 4465.1, Ch. 7, Par 7-3
	Deduct depreciation. Show relationship between depreciation and remaining economic life.	
	BSPRA (Builder and Sponsor’s Profit and Risk Analysis) is for Proposed Construction only. When BSPRA is used, Builder’s Profit, line G.38, must be zero. If Builder’s Profit is used, BSPRA must be zero. Allow one or the other, not both.	4560.01, pg 5-5 Notice H 93-93 (HUD) 4480.1, pg 2264-43 4555.1, Par 2-2j.
	• Sales Comparison Approach	4465.1 Ch. 8 4565.1, par 5-11
	explain all adjustments	
	consider all variables	
	• Form 92264A ("Supplement to Project Analysis)	Notice H 93-93 (HUD) 4480.1, pg 2264A-1
	Appraiser must complete the following criteria to arrive at the maximum insurable mortgage:	
	Criterion # 3 “Amount Based on Value or Replacement Cost” Use “Value” for 223(f) program. Use “Replacement Cost” as determined by HUD “Replacement Cost Formula” for 221(d)(3) and 221(d)(4) programs.	
	Criteria # 4 “Amount based on Limitations per Family Unit” Use Web Page Link to obtain current cost data. “Cost not attributable” (CNA) and “site not attributable” calculations explained in handbook reference.	Notice H 93-93 (HUD) 4480.1, pg 2264A-3
	Criterion # 5 “Amount Based on Debt Service Ratio “ Use lender’s interest rate as debt service rate. “Initial Curtail” rate is mortgage constant based on interest rate plus .5% MIP.	
	Lowest of these mortgage criteria is inserted on 92264 form item G.53..for soft cost calculations. Use appropriate loan to value ratio for the program type. The lender will provide this information.	

		<ul style="list-style-type: none"> • General Overview / Housekeeping 	
		Check that the site, project size, unit sizes, unit composition, amenities and other items match exactly with the project being submitted for HUD insurance in the commitment application.	
		<ul style="list-style-type: none"> • Brief Underwriting Summary 	
		Provide a brief "Summary to the Underwriter" that points out important areas the underwriter may want to examine to determine if an underwriting decision may differ from the appraisal conclusions. An example would be when an existing project's actual operating expenses are higher than market. Part of this summary will be to complete portions of the attached "Debt Service Mortgage Criterion Worksheet" with data from the appraisal to assist the underwriter in making the final underwriting decision.	

Appraiser / Lender Certification

The appraisal has been completed according to the above guidelines. Both the lender and appraiser have reviewed the appraisal against this checklist and have checked off each item as being complete.

The appraisal is being performed for HUD Mortgage Insurance purposes as though HUD contracted directly with the appraiser for the appraisal services. Project income has not been overestimated and project expenses have not been underestimated.

Appraiser's signature _____ ***Date*** _____

Lender's signature _____ ***Date*** _____

PROJECT NAME: _____
PROJECT NUMBER: _____
PROJECT ADDRESS: _____

References / Handbooks

The basic appraisal instructions used by the appraiser to complete the forms and perform processing are delineated in HUD Handbooks 4445.1, 4465.1, and 4480.1. Programmatic requirements are discussed in the other handbooks instructions cited below.

The Contractor shall be responsible for having complete familiarity with the handbooks and other processing instructions that describe the tasks the Contractor shall perform during each of the processing stages for a mortgage insurance application. These are:

- 4445.1 Underwriting Technical Direction for Project Mortgage Insurance
- 4465.1 The Valuation Analysis Handbook for Project Mortgage Insurance
- 4480.1 Multifamily Underwriting Reports and Forms Catalog
- 4550.1 Basic Cooperative Housing Insurance
- 4550.2 Presale-Management Type Cooperative
- 4550.3 Existing Construction-Management Type Cooperative Housing
- 4550.4 Supplementary Loan-Cooperative Housing
- 4550.5 Investor-Sponsor and Non-Profit Sponsorship of Housing Cooperatives
- 4560.1 Rev Section 221(d)(3): Market Interest Rate for Project Mtg Insurance
- 4560.2 Mortgage Insurance for Moderate-Income Housing Projects: Section 221(d)(4)
- 4560.3 Mortgage Insurance for Single Room Occupancy Projects under Sections 221(3) & (d)(4)
- 4565.1 Mortgage Ins. for Purchase or Refinancing of Existing MF Housing Projects: Section 223(f)
- 4600.1 Administrative Procedures for Nursing Homes and/or Intermediate Care Facilities
- Notice H 91-39 (HUD) -- "Need to Reduce Underwriting Risk...."
- Notice H 90-17 (HUD) -- "Obtaining Low Income Housing Tax Credits (LIHTC) with HUD Programs"
- 2/22/88 Memo Thomas T. Demery, "Processing HUD-Ins. Proj. Low-Income Housing Tax Credits"
- 2/2787 Memo Thomas T. Demery, "Tax-Exempt Bond Financing for HUD-Insured Multifamily Projects"
- Notice H 97-10 Nursing Home, Board and Care and Assisted Living Facilities.

Our Multifamily Handbooks web page (<http://www.hud.gov/local/sea/mfh/seamhdbk.html>) provides links to many of the above listed handbooks, as well as, a direct link to the "HUDclips" search page for other HUD handbooks and notices.

All of the Handbook and regulatory citations and other processing instructions described in this Contract are subject to revision. Changes to the Handbooks, regulations, codes or instructions will be made available on the HUD Appraisers' Web Page on the Internet. It shall be the Contractor's responsibility to periodically review the Web Page to ensure current knowledge of any changes. All Valuation analysis and Valuation reviews are conducted according to current HUD standards.



Debt Service Mortgage Criterion Worksheet

(Underwriting Summary)

Instructions: The appraiser will transcribe rental, expense and occupancy data from the appraiser's Forms 92273, 92274 and 92264 on to this summary sheet. The Underwriter will fill in the last column "Underwriter's 92264" and answer the question at the end of each section.

Rents from Form 92273 (before & after adjustments)

(note: If proposed construction, leave "Subject" column blank.)

Unit Types Rents <i>before</i> and <i>after</i> adjustments	Rent Comp 1	Rent Comp 2	Rent Comp 3	Rent Comp 4	Rent Comp 5	Subject last collecte d rent	Rent used on Appraiser 92264	Rent used on Underwriting 92264
Unit A rents <i>before</i> adjustments								
Unit A rents <i>after</i> adjustments								
Unit B rents <i>before</i> adjustments								
Unit B rents <i>after</i> adjustments								
Unit C rents <i>before</i> adjustments								
Unit C rents <i>after</i> adjustments								

(attach additional sheets, if necessary, for more unit types)

Considering the above rental information, do the rents used on the Form 92264 make sense?

Explain.

Expenses from Form 92274 (per unit per annum)

(note: For subject, use actual operating expenses. If proposed construction, leave “Subject” columns blank.) Always complete “Published Guide” column.

	Expense Comp 1	Expense Comp 2	Expense Comp 3	Expense Comp 4	Subject last 12 months or annual- ized	Subject 1 year prior	Subject 2 years prior	Publish Guide e.g. IREM	Expense s used on Appraise r 92264	Expense s used on Underwri ting 92264
Admin/ Mgmt										
Operating										
Maint- enance										
Taxes										
Replace Reserve										
Total										

Considering the above expense data, do the expenses used on the Form 92264 make sense?

Explain.

Occupancy Per Cent

(note: If proposed construction, use the neighborhood’s published occupancy % in the “Subject” column.)

Rent Comp 1	Rent Comp 2	Rent Comp 3	Rent Comp 4	Rent Comp 5	Subject last 12 months	Subject 1 year prior	Subject 2 years prior	occup. % used on Appraiser 92264	occup. % used on Underwriting 92264

Considering the above occupancy data, does the 93% maximum occupancy per cent used on the Form 92264 make sense or should it be lower?

Explain.

Note: 93% is always the maximum residential occupancy per cent for underwriting purposes.

Existing projects actual performance (Net Operating Income).

	<i>Last 12 months</i>	<i>1 year prior</i>	<i>2 years prior</i>	<i>3 years prior</i>
Income				
Expenses				
Net Operating Income				

Is the project's historical performance:

- (1) equal with the "market",
- (2) out performing the market or
- (3) under performing the market?

Are the appraisal conclusions, based on market data, substantially different from what can be expected based on actual, historical performance? Circle one of the above.

Appraiser's NOI conclusion from Form 92264: \$_____

Underwriter's final Net Operating Income conclusions for Underwriting purposes based on the above analysis and discussion with the appraiser. \$_____

Enter the lower of appraiser's or underwriter's NOI on 2264A, Criteria 5 for debt service mortgage calculation.

Underwriter's Signature _____ date _____



Appraiser Statement of Work / Checklist
232 (Health Care Facility)
(12/1/1998)

PROJECT NAME: PROJECT NUMBER: PROJECT ADDRESS:	<div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div> <div style="border-bottom: 1px solid black; height: 15px; margin-bottom: 2px;"></div>
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Statement of Work Checklist for the 232 program (Nursing Homes, Assisted Living Facilities)

This Statement of Work Checklist must be completed by the appraiser and then also checked by the lender for completeness.

<i>232 (Health Care Facility) Requirements</i>		<i>Handbook Reference</i>
X	X	
A A p p r a i s e r	U n d e r w r i t e r	
INSTRUCTIONS Appraiser and Underwriter “check off” columns to left. This Statement of Work Checklist must be completed by the appraiser including the appraiser’s checkmark in the left column and signature on the last page of the checklist. The Lender’s Underwriter must then place a checkmark in the column to the right of the appraiser’s after reviewing for completeness. The Lender’s Underwriter must then also sign the certification on the last page of the checklist, below the appraiser’s signature.		
		<ul style="list-style-type: none"> Forms required:

	HUD-92264-HCF ("Health Care Facility Summary Appraisal Report")	Notice H 97-01 (HUD) 4600.01, REV-01, ch 7
	HUD-92273 ("Estimates of Market Rent by Comparison") modify headings and adjustment elements appropriate to Health Care Facility	Notice H 93-93 (HUD) 4480.1, pg 2273-1 4600.01, REV-01, ch 7
	HUD-92274 ("Operating Expenses Analysis Worksheet") modify headings and adjustment elements appropriate to Health Care Facility	Notice H 93-93 (HUD) 4480.1, pg 2274-1 4600.01, REV-01, ch 7
	HUD-92264A ("Supplement to Project Analysis" or "Trial HUD-92264A")	Notice H 93-93 (HUD) 4480.1, pg 2264A-1
	Replacement Cost Formula	
	• Income Approach to Value	
	Form 92264-HCF ("Health Care Facility Summary Appraisal Report")	Notice H 97-01 (HUD) 4600.01, REV-01, ch 7 Notice H 93-93 (HUD) 4480.1, 4465.1 ch 7
	Income from bed charges and services	4600.01, REV-01, ch 7 Notice H 93-93 (HUD) 4480.1, pg 2264-4
	Include rent for managers and employee units and then deduct same as expenses	
	Required occupancy census ratios for Nursing Homes: at least 67% Medicaid, up to 30% private pay, up to 3% Medicare If Assisted Living, itemize Private Pay and State Assisted, if any.	4600.01, REV-01, ch 7 Form HUD 92264-HCF
	93% maximum residential occupancy. Lower if comparables lower than 93%.	
	Commercial space / income limited and for services to residents.	4600.01, REV-01, ch 7. Pg 7-12
	Verify unit composition and sizes with architect / inspector / lender.	
	Unit sizes and rent amounts must agree with Form 92273.	
	If income from subject is estimated more conservatively than sales comparables, adjust cap rate accordingly. (e.g. because of required occupancy ratios)	
	"Remarks" section of Form 92264-HCF: for 232 pursuant to 223(f) enter (a) actual occupancy % on date of inspection, (b) formula amount for initial deposit to replacement reserve, (c) estimates for legal, organizational, title and recording expenses.	4565.1, pg 5-6, 5-7
	• Form 92273 ("Estimates of Market Rent by Comparison")	Notice H 97-01 (HUD)
	(for 232's substitute similar grid format with "232 appropriate" headings & adjustment elements)	
	For size adjustments, be aware that HUD architectural unit sizes are "net" while most rental comparables are stated in "gross" measurements	
	Rental comparables must be located within a defined area that is under the same economic influences as subject.	

	Rent concessions must be deducted.	Notice 91-39
	Show occupancy % for each comparable. If less than 93% occupancy, negative adjustment is required.	Notice 91-39
	Correlated rent must be within “mid 60%” of range.	Notice 91-39
	use HUD mandated occupancy census ratios for private pay / medicare / medicaid on the 92264-HCF. Explain in narrative if market indicates a different ratio.	4600.01, REV-01, ch 7 Form HUD 92264-HCF
	<ul style="list-style-type: none"> Form 92274 ("Operating Expenses Analysis Worksheet") 	Notice H 97-01 (HUD) 4600.01, REV-01 Notice H 93-93 (HUD) 4480.1, 4565.1 ch 6
	(for 232's substitute similar grid format with “232 appropriate” headings & adjustment elements)	
	For existing projects, ok to use subject's actual expenses as one comparable.	
	Update old expense data to date of appraisal by applying appropriate inflation factor. (Match current market expenses with current market rents.)	
	Correlated expenses must fall within the range of the comparables.	
	deduct for “Proprietary Earnings” in the appropriate amount	4600.01, REV-01, pg 7-4
	Compare your results with published standards for a reality check.	
	<ul style="list-style-type: none"> Initial Operating Deficit 	
	For proposed construction, determine the appropriate absorption period and calculate the operating deficit.	4465.1, pg 1-6
	<ul style="list-style-type: none"> Cost Approach 	
	Determine land value “fully improved”.	4480.1, pg 2264-21 4465.1, ch 2
	Site sold by a public body: Appraise as usual but requires special attention on 92264 Form.	4465.1, ch. 2, Par 2-4
	Use “Unusual Land” calculation form to calculate “unusals plus fees” if unusual site conditions are present.	Notice H 93-93 (HUD) 4480.1, pg 2264-27 4465.1, ch 2
	Deduct “unusals plus fees” from land value fully improved to arrive at “warranted price of land”.	Notice H 93-93 (HUD) 4480.1, pg 2264-27 4465.1, ch 2
	Use commercial cost service. (At times, HUD or a third party will provide cost data for the appraiser's use.)	
	Use HUD Replacement Cost Formula	4600.01, REV-01, pg 7-22

	Use HUD Form 92264A (lowest criterion) to determine mortgage amount for soft cost calculations on Form 92264.	Notice H 93-93 (HUD) 4480.1, pg 2264-70
	Estimate total economic life / remaining economic life of the building.	4565.1, Ch. 5, Par. 5-10 4465.1, Ch. 7, Par 7-3
	Deduct depreciation. Show relationship between depreciation and remaining economic life.	
	BSPRA (Builder and Sponsor's Profit and Risk Analysis) is not permitted in the 232 program.	4600.01, REV-01, pg 7-22
	• Sales Comparison Approach	4465.1 Ch. 8 4565.1, par 5-11
	Explain all adjustments.	
	Consider all variables.	
	Deduct Proprietary Income Estimate from sales comparables.	
	• Form 92264A ("Supplement to Project Analysis)	Notice H 93-93 (HUD) 4480.1, pg 2264A-1
	Appraiser must complete the following criteria to arrive at the maximum insurable mortgage:	
	Criterion # 3 "Amount Based on Value or Replacement Cost" Use "Value" for 232 and 232 pursuant to 223(f) program.	
	Criterion # 5 "Amount Based on Debt Service Ratio " Use lender's interest rate as debt service rate. "Initial Curtail" rate is mortgage constant based on interest rate plus .5% MIP.	
	Lowest of these mortgage criteria is inserted on 92264 form item G.53..for soft cost calculations. Use appropriate loan to value ratio for the program type. The lender will provide this information.	
	• Brief Underwriting Summary	
	Provide a brief "Summary to the Underwriter" that points out important areas the underwriter may want to examine to determine if an underwriting decision may differ from the appraisal conclusions. An example would be when an existing project's actual operating expenses are higher than market. Part of this summary will be to complete portions of a form with data from the appraisal to assist the underwriter in making the final underwriting decision.	

Appraiser Statement of Work / Checklist

232 (Health Care Facility)

(12/1/1998)

Appraiser / Lender Certification

The appraisal has been completed according to the above guidelines. Both the lender and appraiser have reviewed the appraisal against this checklist and have checked off each item as being complete.

The appraisal is being performed for HUD Mortgage Insurance purposes as though HUD contracted directly with the appraiser for the appraisal services. Project income has not been overestimated and project expenses have not been underestimated.

Appraiser's signature_____ **Date**_____

Lender's signature_____ **Date**_____

PROJECT NAME: _____

PROJECT NUMBER: _____

PROJECT ADDRESS: _____
